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Market Development Reports

Survey of Belgian Beer Market

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Report Highlights:

Belgian beer consumption has stabilized at some 100 L per person annually. Premium beers continue to rise in popularity because of the growing market share of the higher value added specialty beers. As a result, beer imports are also rising, which increases export opportunities for U.S. brewers too. A first-ever, professional trade show, BEER 2002, will be held 26-28 September 2002 in Brussels Belgium, exclusively for the beer trade.

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Belgian Beer Consumption and Market

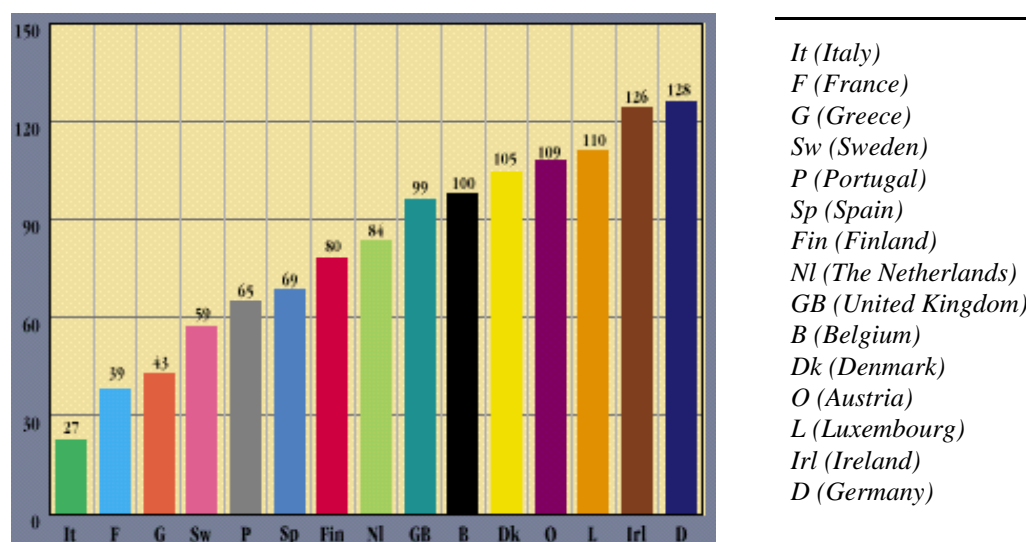
Belgian beer consumption 2000 totaled 10,064,401 Hectoliters (Hl), down 1.4 percent from 1999 which were 10,206,254 Hl. Per capita consumption was 99 Liters (L) compared to 100 L in 1999, putting Belgium in sixth place in Europe. Germany and Ireland are leading the consumption chart with 128 L and 126 L, respectively.

Belgian consumption has stabilized now. It was 121 L per capita in 1990 and 131 L in 1980. This reduction is due to the increased awareness of 'controlled alcohol consumption' as well as the introduction of other drinks (new soft drinks, sports drinks). Water and soft drink consumption now amounts to 240 L per year and wine consumption is 25 L. Totals show a big increase in soft and alcoholic drinking compared to 30 years ago, probably because more people drink bottled water now instead of spring and tap water.

Pils or lager beers have regained market share over the last few years and now have 70 percent of the market share. Luxury lager beers (-2%) have lost market share, just like amber beers (-7.5%) and alcohol free beer (-2%) in 1999 compared to 1998; 2000 figures are not complete yet. Most kinds of specialty beers (monk, strong blonds and regional) have increased market share. The latter are leisure beers with higher added value.

The hotel and catering industry accounts for 59.5 percent of total beer distribution and while supermarkets make up the balance. In 1993, the distribution shares were 65.4 percent and 34.6 percent, respectively. While the number of hotels and restaurants has been stable, the number of cafés has decreased from 26,778 in 1998 to 25,414 in 1999.

Figure 1: Beer Consumption in the EU



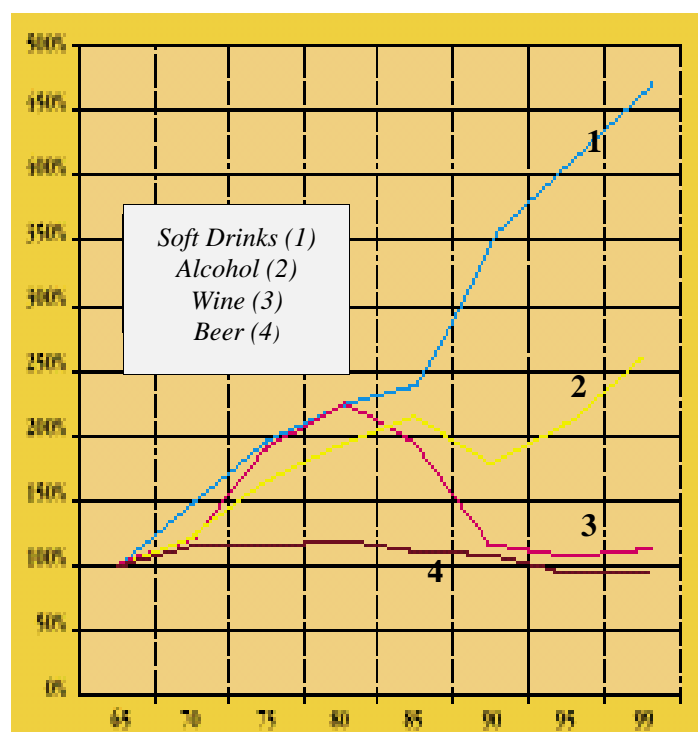
Source: Confederation of Belgian Breweries - quarterly magazine

Table 1: Belgian Beer Consumption per Beer Type

	1997			1998			1999			2000		
	Retailers	Distributor	Total	Retailers	Distributor	Total	Retailers	Distributor	Total	Retailers	Distributor	Total
Pils/Lager	2,801,848	4,092,899	6,894,747	2,794,830	4,001,434	6,796,264	2,930,560	4,043,406	6,973,966	2,989,615	4,016,213	7,005,828
Amber	130,067	545,483	675,550	129,612	507,704	637,316	124,278	467,001	591,279	NA	401,001	NA
Wheat Beer	105,903	506,401	612,304	93,681	472,117	565,798	92,623	471,918	564,541	NA	454,385	NA
Monastery Beer	199,618	269,494	469,112	215,691	273,816	489,507	232,376	285,809	518,185	NA	NA	NA
Trappiste	97,012	120,933	217,945	96,532	120,117	216,649	97,347	123,725	221,072	96,719	122,606	219,325
Table Beer	168,947	135,160	304,107	160,590	120,279	280,869	174,366	118,707	293,073	NA	110,139	NA
Geuze/Fruits	73,959	162,038	235,997	69,881	146,150	216,031	71,969	149,978	221,947	71,822	142,248	214,070
Britannique	66,888	99,544	166,432	63,296	96,449	159,745	61,998	90,916	152,914	NA	NA	NA
Luxury Lager	53,149	160,166	213,315	58,012	155,506	213,518	55,976	153,682	209,658	NA	117,157	NA
Alcohol Free	55,654	51,073	106,727	53,006	44,526	97,532	52,666	42,950	95,616	NA	38,182	NA
Strong Blond	81,634	107,729	189,363	82,576	107,182	189,758	93,814	109,278	203,092	NA	NA	NA
Regional	32,138	48,447	80,585	33,061	45,132	78,193	35,105	49,056	84,161	33,075	46,849	79,924
Acide	17,772	58,907	76,679	16,551	53,256	69,807	5,215	71,535	76,750	NA	NA	NA
Total	3,884,589	6,358,274	10,242,863	3,867,319	6,143,668	10,010,987	4,028,293	6,177,961	10,206,254	4,077,538	5,986,863	10,064,401

Source: Confederation of Belgian Breweries - quarterly magazine

Figure 2: Evolution of drinks consumption



Source: Confederation of Belgian Breweries - quarterly magazine

Table 2: Evolution of hotel and catering industry numbers

	Hotels		Restaurants		Cafes		Total	
	1998	1999	1998	1999	1998	1999	1998	1999
Belgium	1,797	1,767	22,544	22,468	26,778	25,414	52,758	51,323

The Belgian Brewery Sector

In 2000, 113 breweries were brewing 14,733,779 Hl of beer under more than 450 brands. This is a rise of 1.1 percent compared to 1999 and up 5 percent from 1997. Almost 5,500,000 Hl or 37.5 percent of total production was exported, a 7.9 percent increase relative to 1999.

The Belgian brewing industry's turnover was \$ 1.74 billion in 2000, constituting an 8.1 percent share of overall food industry turnover. Total direct and indirect employment in the brewery sector was 269,417 people. The malting and brewery staff totaled 6,150 people in 1998. The breweries invested \$ 110 million in 2000, or 13.7 percent of all investments in the food sector.

Table 3: Statistics of Belgian Breweries

	# of Breweries	Production (per 1000 HL)	Consumption (per 1000 HL)	Consumption (Per Capita)	Import (In 1000 HL)	Export (In 1000 HL)
1900	3,223	14,617	14,761	221	149	5
1910	3,349	16,019	16,282	219	272	9
1920	2,013	10,408	10,562	143	201	47
1930	1,546	16,099	16,317	202	228	10
1940	1,120	12,488	12,546	149	65	7
1950	663	10,140	10,232	118	97	5
1960	414	10,110	10,283	112	378	205
1970	232	13,015	12,781	132	739	973
1980	143	14,291	12,945	131	969	2,315
1990	126	14,141	12,037	121	648	2,752
1995	115	14,528	10,513	104	593	4,608
1999	112	14,575	10,206	100	703	5,072
2000	113	14,734	10,064	99	804	5,474

Source: Confederation of Belgian Breweries - quarterly magazine

Interbrew, which uses the slogan "The World's Local Brewer," is by far the biggest Belgian brewer. With a volume of some 78 million Hl, it is the world's second largest brewer, but still far behind the 138.5 million Hl of Anheuser-Busch. The group based in Leuven, Belgium, is active in over 110 countries and employs 34,000 people worldwide.

In the brewing industry, quality management has become very important, especially for exporters. In 2000, Duvel Moortgat, only the fifth Belgian brewer in turnover, was the first brewery to become Hazard Analysis of Critical Control Point (HACCP) certified.

Another recent development is organic brewing. A small brewery, Dupont, was the first to begin organic brewing in 1990 and is today even exporting an organic beer, named Foret, to the US.

Trade

Export

Since 1970, all Belgian beer production increases have been absorbed by the export market. In 1960, exports were at about 200 thousand Hl, 1 million Hl in 1970, 2.3 million in 1980 and almost 2.75 million in 1990.

The Pils lagers have the largest shares of exports with 3.3 million Hl. The monastery beers, 0.6 million Hl, are the most successful premium beers. France and The Netherlands account for about 70 percent of these exports. Only 7 percent of exports go to third countries. The U.S. imported 62,448 Hl in 2000, a 45 percent increase compared to 1999.

Interbrew has recently taken a big step forward in its market share for the U.S., by acquiring Beck's Beer, its U.S. market share rose by one million Hl. Its other brands were only exporting 25, 000 Hl.

Table 4: Belgian Beer Exports

	1995	1996	1997	1998	1999	2000
Denmark	546	1,216	2,183	8,014	17,397	3,497
Germany	456,722	391,767	435,735	429,212	482,777	518,659
Finland	2,979	1,889	2,691	2,127	2,000	2,292
France	2,116,746	2,043,534	1,976,743	2,013,218	2,127,971	2,270,545
Greece	16,196	16,687	15,193	16,876	20,502	28,293
Ireland	6,126	5,589	4,524	11,947	11,091	19,610
Italy	190,516	184,221	154,730	347,666	206,724	265,887
Luxembourg				65,864	66,108	71,560
The Netherlands	1,104,018	1,173,385	1,220,679	1,346,718	1,400,000	1,450,000
Austria	265	1,037	2,779	6,083	10,353	13,093
Portugal	5,390	6,728	6,927	8,014	4,052	11,242
Spain	92,604	72,246	79,692	63,007	62,707	71,566
United Kingdom	218,449	152,937	208,190	264,810	352,913	360,162
Sweden	8,328	3,049	3,272	7,945	11,015	9,255
Total EU	4,228,885	4,054,285	4,112,228	4,591,501	4,775,610	5,095,661
Norway	397	831	1,004	729	563	379
Switzerland	8,115	10,210	10,405	11,311	11,281	11,498
Andorra	1,083	1,311	1,350	875	1,313	897
Malta	96	392	288	94	765	2,169
Turkey	319	593	623	362	429	720
Poland	794	23	2,504	3,656	13,656	2,505
Czech Republic			718	2,247	8,681	3,596
Hungary	5,234	27,413	1,236	1,663	2,262	3,132
Romania	1,886	56	1,276	139		712
Belorussia					5,119	1,995
Russia	10,719	64,932	6,326	5,249	1,783	2,322

U.S.A.	20,349	18,938	20,939	24,928	39,763	62,448
Canada	4,852	3,984	3,643	6,617	11,509	43,779
Japan	95,613	72,808	38,895	20,694	13,697	15,572
Total Extra EU	379,165	479,626	303,916	233,280	296,466	378,575
Total World	4,608,050	4,533,911	4,417,254	4,824,781	5,072,076	5,474,236

Source: Confederation of Belgian Breweries - quarterly magazine

Table 5: Belgian Beer Exports per Beer Type

	1995	1996	1997	1998	1999	2000	base 1995	base 2000
Pils/Lager	2,473,560	2,673,197	2,736,437	3,003,256	3,119,517	3,303,954	63.1%	64.3%
Amber	245,597	246,467	263,916	292,731	299,356	265,469	6.3%	5.2%
Wheat Beer	144,978	166,566	214,938	242,438	284,893	371,644	3.7%	7.2%
Monastry Beer	388,753	459,558	515,705	570,662	566,021	595,906	9.9%	11.6%
Trappiste	54,895	52,807	57,509	60,018	62,684	65,491	1.4%	1.3%
Table Beer	94,592	75,184	69,653	65,096	55,402	49,275	2.4%	1.0%
Geuze/Fruits	101,778	80,141	75,659	67,526	72,547	65,390	2.6%	1.3%
Britanique	76,121	47,321	43,114	39,687	38,423	39,274	1.9%	0.8%
Luxury Lager	267,531	344,181	342,281	354,061	326,505	266,312	6.8%	5.2%
Alcohol Free	8,949	13,913	17,112	26,571	24,634	23,785	0.2%	0.5%
Strong Blond	43,967	46,956	47,730	50,173	52,331	58,773	1.1%	1.1%
Regional	20,829	24,995	53,110	24,486	31,077	28,429	0.5%	0.6%
Acide	1,520	1,562	1,951	1,500	829	648	0.0%	0.0%
Tot. Consumption	3,923,070	4,232,748	4,439,115	4,798,205	4,934,219	5,134,350	100.0%	100.0%

Source: Confederation of Belgian Breweries - quarterly magazine

Imports

Belgium's beer imports are rising as well. From less than 100 thousand HI in 1950, they surged to 970 thousand HI by 1980. They decreased again to some 600 thousand HI in 1995, but were back at 804 thousand HI in 2000. The Danish luxury lagers come first at 151 thousand HI. The only successful non EU exporter to Belgium is Mexico, currently selling 93 thousand HI. U.S. imports are at 9 thousand HI according to figures from the Confederation of Belgian Brewers.

Consumers are seeking different beers. Young people are buying foreign beers. Many of these beers however, are inferior to the domestic brew. As transportation is a high cost factor for the beer trade, imported beers are more expensive. Both of these factors have been difficult for many beers to overcome.

The increasing demand for specialty beers, however, opens good opportunities for new beers. Original tastes and flavors have good chances to be successful if they are backed by a strong marketing campaign.

Table : *Belgian Beer Imports*

	1995	1996	1997	1998	1999	2000
Denmark	116,721	117,570	108,451	135,962	138,793	151,419
Germany	86,920	118,662	137,863	92,084	116,606	129,225
Finland			4		89	1
France	56,641	51,310	75,251	75,000	75,000	75,000
Greece	15	4		27	25	51
Ireland	14,254	31	17	31,620	33,925	21,717
Italy	7,800	3,738	642	17,334	4,444	1,640
Luxembourg				35,986	34,454	36,246
The Netherlands	125,706	120,000	115,000	115,000	115,000	115,000
Austria	67			692	284	
Portugal	8,439	14,315	19,618	300	2,349	4,572
Spain	382	1,690	5,216	11,315	17,125	8,084
United Kingdom	97,350	84,944	93,727	96,379	65,767	111,145
Sweden		36		3	168	58
Total EU	514,295	512,300	555,789	611,702	604,029	654,158
Norway		13	29			
Switzerland	68	74		14	64	
Turkey	288	12				473
Poland	49		376	29,426		
Czech Republic	1,791	4,140	6,884	6,866	8,033	8,789
Hungary		2		60	2	33,960
Russia	1,066		396	374		
U.S.A.	6,161	850	640	1,377	2,306	8,954
Canada		29	2		28	293
Mexico	59,143	62,674	77,758	69,226	83,755	93,074
Thailand	409	307	409	511	564	552
China	1,699	993	1,027	822	753	775
Japan	2,171		770		6	107
Total Extra EU	73,024	69,117	88,517	108,886	95,515	147,040
Total World	587,319	581,417	644,306	720,588	699,544	801,198

Source: *Confederation of Belgian Breweries - quarterly magazine*

Beer 2002

A business-to-business trade show, BEER 2002, for worldwide brewers and beer exporters, will be held in Brussels 26-28 September 2002. This new trade show is the only show worldwide to focus on the beer trade for business people. Information on this show can be obtained from the website www.beerexportexhibition.com. The exhibition manager is Gregor Kupper and he can be reached at tel.+32 2 474 84 67, fax +32 2 474 84 66 or e-mail gregor.kupper@bfe.be. Currently 30 exhibitors from 6 countries are participating.